

## Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B01

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March 01, 2016

## LEGEND

Parent =

Target =

FSub =

Acquisition Sub =

Country A =

State A =

Business Entity A =

Date 1 =

Acceptance Period =

Asset Sale Range =

Asset Sale Resolutions =

Signing Conditions =

Offer Conditions =

Minimum Acceptance  
Percentage =

a =

Dear :

This letter responds to your authorized representative's letter dated September 2, 2015, requesting rulings regarding certain federal income tax consequences of a proposed transaction (the "Proposed Transaction"). The information submitted in that request is summarized below.

The rulings contained in this letter are based upon facts and representations submitted by the taxpayer and accompanied by penalties of perjury statements executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2016-1, 2016-1 I.R.B. 1, regarding one or more significant issues under sections 332, 351, 355, 368, or 1036 of the Internal Revenue Code (the "Code"). The rulings contained in this letter only address one or more discrete legal issues involved in the transactions described herein. This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the rulings below.

### SUMMARY OF FACTS

Parent is a publicly traded State A corporation and is the common parent of an affiliated group of companies that files a consolidated return for U.S. federal income tax purposes. Parent directly or indirectly owns all of the stock of FSub, a Country A entity treated as a corporation for U.S. federal income tax purposes. FSub owns all of the interests in Acquisition Sub, a Country A entity that is treated as a disregarded entity for U.S. federal income tax purposes.

Target is a Country A corporation and is the common parent of an affiliated group of companies. Target's stock is traded on a Country A stock exchange and has one class of shares outstanding. Target's stock includes ordinary shares represented by American Depositary Receipts ("ADRs") traded on a U.S. stock exchange.

### PROPOSED TRANSACTION

On Date 1, Parent and Target entered into an agreement pursuant to which Parent will make a public offer to acquire all of the shares of Target. The relevant steps of the Proposed Transaction, some of which have already occurred, are set forth below:

- (i) Parent will make a public tender offer (the "Tender Offer") to acquire all issued and outstanding shares of Target, including all issued and outstanding ADRs. The Tender Offer will be open during the Acceptance Period, and will be subject to the Offer Conditions, including the Minimum Acceptance Percentage. If after settlement of the Tender Offer, Acquisition Sub were to own Target stock representing the Asset Sale Range, Target shareholders would be required to approve the Asset Sale Resolutions.
- (ii) Assuming all Offer Conditions are satisfied, Acquisition Sub will buy tendered shares at the agreed upon price per share as stated in the Tender Offer (the "Settlement"). Acquisition Sub may continue to purchase Target shares or

- ADRs after the Settlement (the Settlement and any subsequent purchase of Target shares by Acquisition Sub together the “Acquisition”).
- (iii) If following the Settlement, Acquisition Sub owns an amount of Target stock falling within the Asset Sale Range, the board of directors of Acquisition Sub will adopt a resolution (the “Acquisition Sub Resolution”) in order to implement the Asset Sale and the dissolution of Target (the Asset Sale and the dissolution of Target collectively the “Proposed Liquidation”).
  - (iv) After the Acquisition Sub Resolution and all Asset Sale Resolutions have been approved, Target and Acquisition Sub will enter into an agreement (the “Asset Sale Agreement”). Execution of the Asset Sale Agreement will be subject to the Signing Conditions.
  - (v) Once the Signing Conditions are satisfied, Acquisition Sub will cause Target to sell all of Target’s business assets to Acquisition Sub (the “Asset Sale”) for a note (the “Asset Sale Note”).
  - (vi) Following the Asset Sale, Target will make liquidating distributions consisting of (1) the cancellation of the Asset Sale Note via setoff against any payment by Target to Acquisition Sub pursuant the liquidating distribution, and (2) cash to any shareholder other than Acquisition Sub or its affiliates (the “Minority Shareholders”) in redemption of their shares.
  - (vii) Following the cancellation of the Asset Sale Note and the redemption of shares held the Minority Shareholders, the shares and ADRs of Target will be delisted from the Country A stock exchange.
  - (viii) Following the delisting of its shares, Target will convert into Business Entity A pursuant to Country A law and will elect to be disregarded as separate from its owner for U.S. federal income tax purposes.
  - (ix) Once the opposition period under Country A law lapses, and all opposition is withdrawn or settled, Target will make a final distribution of its assets (if any) to its shareholders.
  - (x) In the event that, after the Settlement of the Tender Offer, Acquisition Sub owns more than a percent of the stock of Target, then Acquisition Sub will be required under Country A law to acquire the Target stock held by any Minority Shareholders through a statutory buy-out proceeding and steps (iii) through (vii) will not occur.

#### RULINGS

1. The Asset Sale for the Asset Sale Note and the cancellation of the Asset Sale Note will be treated as a distribution in the Proposed Liquidation rather than as a sale of property to Acquisition Sub. The Proposed Liquidation will be treated as if Target distributed all of its business assets subject to liabilities to Acquisition Sub and distributed cash to the Minority Shareholders in complete liquidation. See Rev. Rul. 83-142, 1983-2 C.B. 68; Rev. Rul. 78-397, 1978-2 C.B. 150.
2. The Acquisition is a qualified stock purchase within the meaning of section 338(d)(3).

### CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transaction under any provision of the Code or the regulations promulgated thereunder or the tax treatment of any condition existing at the time of, or effects resulting from, the Proposed Transaction that is not specifically covered by the above rulings.

### PROCEDURAL STATEMENTS

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Mark J. Weiss  
Branch Chief, Branch 2  
Office of Associate Chief Counsel  
(Corporate)

cc: